

SECRET

0 2 SEP 1975

MEMORANDUM FOR: Associate Deputy Director for Operations

SUBJECT: FY 1976 Renewal of Activity PDDYNAMIC

1. SE Division is requesting the FY 1976 renewal of the PDDYNAMIC operational activity, the New York/Munich based operation which seeks to exploit and increase nationalistic, cultural and other dissident tendencies in the Ukraine thereby exerting pressure on the Soviet regime for greater national and intellectual freedom. The acquisition of literary, political and historical works from dissident writers in the Soviet Union and from emigre and staff writers in the West and the publication and clandestine reintroduction of these works into the Ukraine form the mainspring of this activity. Our support for this effort, which is currently the only Agency operation directed exclusively at the nationalities problem in the Soviet Union, dates back to 1950. As such, it seems a relatively modest effort, the effectiveness of which is, however, difficult to gauge.

2. During the past year nearly 22,000 pieces of literature were produced by this mechanism and distributed to the target audience through various delivery devices. For example, nearly 3,000 items were hand carried into the Soviet Union by collaborators traveling from the West while about 5,000 items were made available to 30 supporters in Eastern Europe for eventual delivery to the target audience by hand or by mail. More than 30,000 additional copies were either sold or given to interested persons in the West, the revenues from which accounted for approximately 14 percent of the total cost of this operation.

3. Difficulty in verifying delivery of our propaganda materials and the acquisition of feedback concerning its impact on the target audience is a characteristic common to most of our propaganda efforts directed at denied areas. This operation is no exception but, using the frequency and intensity of

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

E2 IMPDET CL BY L 1

SECRET

SECRET

the Soviet regime's denunciation of the content and condemnation of the Prolog effort to disseminate the materials in the Ukraine as a bench mark, it appears safe to surmise that project objectives are being met to an acceptable degree. In addition, there have been debriefings of defectors and emigrants and conversations between legal travelers and Ukrainian citizens which indicate to some extent that Prolog-supplied publications may be one of the cornerstones around which the somewhat decimated Ukrainian dissident movement now rallies.

4. Some attempt is made to justify program continuation in part on the premise that it may eventually prove worthwhile as an FI collection mechanism. This argument probably has little current or historical validity and it appears unrealistic to assume that positive intelligence produced by the loosely coordinated delivery mechanism involved here will ever be a significant contributor to our denied area collection program. Efforts should of course continue to collect positive intelligence whenever possible but the program should be judged strictly on the basis of its CA merits which, we feel, are adequate to justify continuation at the current level of expenditure provided the existing production/distribution level is not further reduced.

5. The CIA subsidy requested for FY 1976 is 10 percent below our operating costs for the preceding fiscal year. These savings were achieved through production schedule and personnel reductions. In considering the desirability of maintaining a straight line budget for this operation for the foreseeable future we note its particular vulnerability to spiralling inflationary tendencies common to the overall economy and the probability that this program, as now constituted and administered, will not be able to operate within the limits of the projected FY 1977 allocation level. In order to forestall a situation in which a budget increase may well emerge next year as the only alternative to an effectiveness-crippling decrease in production and distribution, we suggest that program managers begin now to find ways to reduce salary costs even further through additional personnel reductions. The possibility of consolidating the New York and Munich operations as a budget economizer should also be considered. In addition, we feel that plans now under consideration to transfer one of the New York office personnel to Munich under current operating circumstances should be suspended. ✓

SECRET

6. This activity was included in the recent SE Division 40 Committee submission and was approved on 29 April 1975. C/SS/CAG states that this activity is in accord with the provisions of the law enacted in December 1974 concerning CA activities. On 24 June 1975 the DDO approved the allocation of \$[] of FY 1975 year-end funds to augment the PDDYNAMIC underfunded pension plan, bringing the total FY 1975 subsidy to \$[] .

7. The Plans Staff recommends approval of the PDDYNAMIC activity renewal request in the amount of \$[] --\$[] for FY 1976 (\$[] less than submitted in the Congressional Budget), \$[] for the 1 July 1976 through 30 September 1976 Transitional Period--and Amendment #1 in the amount of \$[] for FY 1975.

Chief
Plans Staff

3
SECRET

DD/O 75-3550/A

6 MAY 1975

S E C R E T

MEMORANDUM FOR: Deputy Director for Operations
VIA: Chief, Plans Staff
SUBJECT: Request for Allocation of Year-End Savings

1. We request that the following Soviet/East European covert action assets and situations be funded by re-programming FY 75 year-end savings which may be available. In each case these relate to pension, retirement or separation benefits which are either legal Agency obligations or "moral" obligations to key assets. In all instances allocation of funds now will provide additional management options with these activities over the next several years.

A. [redacted] Annuity. [redacted]
a 46 year old stateless contract employee in Activity PDEGGHEAD, has no retirement benefits. [redacted] is an effective and versatile asset in publishing and distributing books to both Polish and Soviet targets. We propose purchasing via MHMUTUAL an annuity which would yield [redacted] \$[redacted] per month upon his retirement. The cost of this annuity, if purchased through annual premiums over the next 14 years would be \$[redacted]. This same annuity can be purchased with a single payment of \$[redacted] - a savings of \$[redacted].

B. [redacted] Retirement. [redacted], a covert action asset since 1949, is now 69 years of age. He has never been covered by any pension or annuity plan despite his long and effective service against the Polish target. Upon his retirement (projected for FY 80) he will be dependent upon rather meager French Social Security payments for his support. In recognition of his significant contribution to division objectives on a modest salary, we propose investing \$[redacted] in a mutual fund for him managed by MHMUTUAL. \$

SE-74-17

S E C R E T

E2 IMPDET
CL BY [redacted]

File 3

S E C R E T

2

C. Addition to PDDYNAMIC Retirement Fund. Activity PDDYNAMIC, the proprietary targeted at the Ukraine, provides for the eventual retirement of its seven employees through a mutual fund managed by MHMUTUAL. The level of benefits which these employees can expect to receive from this mutual fund has been eroded through rising costs. In order to bring benefits more in line with the original programming, we propose infusing \$ [] into the mutual fund. This amount would be credited to the seven employees based on the salary level and length of service. This action will also facilitate imposing securely mandatory retirements at the age of 65.

\$ []

D. Funding of PDBASIC Pension Plan. Proprietary activity PDBASIC, the division's major book distribution activity, has an overt pension plan covering its employees. As is the customary practice, this pension plan has an unfunded obligation (\$ []). While full funding of this pension fund is an eventual legal obligation of the Agency, partial funding of the pension plan now will give the division and the directorate additional flexibility in planning for this Activity's future. We recommend funding one half.

\$ []

2. The total funding requested in this memorandum is \$ []

[]
[] []

Chief
Soviet/East European Division

APPROVED: []

6/24/75

DISAPPROVED: _____

S E C R E T